

7 August 2014

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**SC 6 CADLAO: CONDITIONAL SETTLEMENT AGREEMENT  
CADCO FAILURE TO SATISFY CONDITIONS**

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On 28 July 2014, Peak Oil & Gas Limited's (**Peak or Company**) (ASX Code: PKO) announced it had executed a conditional settlement deed (**Deed**) with Cadlao Development Company Limited (**Cadco**) (formerly Blade Petroleum Limited) in relation to the Company's dispute with Cadco regarding the Cadlao Farmin Agreement (**Cadlao FIA**).

The Deed requires Peak, *inter alia*, to:

- i. transfer its interests in Peak Royalties Limited which holds certain overriding royalty rights pertaining to SC6 Cadlao;
- ii. terminate the Cadlao FIA between Peak and Cadco which effectively releases any claim Peak has to direct working interests in SC6 Cadlao (not including the Peak's interest in VenturOil); and
- iii. terminate the arbitration process (**Arbitration**) in respect to its dispute with Cadco regarding the Cadlao FIA.

In return, Cadco would pay Peak an amount of approximately \$6.7m.

The parties agreed that settlement would take place on 6 August 2014. However Cadco has failed to remit the agreed amount by this date.

Whilst Cadco has signalled it wishes to agree a new settlement date, Cadco is unwilling to provide a fixed date which Peak is able to rely upon. Accordingly, the Deed is now terminated and the parties will resume their original commercial and legal positions immediately prior to execution of the Deed. Arbitration will be immediately recommenced.

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